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**THE VILLAGE OF SUGAR MOUNTAIN**  
251 Dick Trundy Lane  
Sugar Mountain, NC 28604

## **Manager's Budget Message** **Fiscal Year 2023-24**

May 30, 2023

The Honorable Gunther Jochl, Mayor  
Members of the Village Council  
Sugar Mountain, North Carolina

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the recommended Village of Sugar Mountain Budget for the fiscal year (FY) beginning July 1, 2023, and ending June 30, 2024, for your review and consideration.

The Village remains in a solid fiscal position, and this is an opportune time to proceed with the funding of several initiatives which will improve services to our residents, while maintaining our strong financial position.

### **FUNDS OF THE BUDGET**

#### **GENERAL FUND**

##### **General Fund Revenues**

The General Fund is used to account for resources which are not required legally or by sound fiscal management to be accounted for in another fund. The FY 2023-24 proposed Budget continues to deliver excellent residential services while maintaining the current tax rate of .28 cents per \$100 valuation. The estimated valuation of \$496,019,861 at a tax rate of .28 cents will generate approximately \$1,421,989 in real, personal, motor vehicle, and related tax revenues with an anticipated collection rate of 99.25%. The Village has historically achieved a high tax collection rate. The Village receives approximately 60% of the general fund revenues from real, personal, and motor vehicle ad valorem tax.

In addition to the above tax revenues, the Village receives State Shared revenues, State Road maintenance funds (Powell Bill), sales tax revenues, permit fee revenues, investment returns, grant funding, ABC revenue, and contributions from the Tourism Development Authority totaling an estimated \$ 978,610.

The recommended budget appropriates \$ 233,657 in fund balance to balance the General Fund budget. The proposed General Fund Budget revenues for FY 2023-24 total \$2,634,256.

It is estimated the Village will have an unreserved General Fund balance (Village Savings Account) of \$1,386,490, on June 30, 2023, or 57% of the FY 2022-23 Budget estimated year end expenditures of \$2,453,276. The Village remains in a healthy financial position going forward.

### **General Fund Expenditures**

The total General Fund expenditures are projected to be \$ 2,634,256 resulting in an approximate 7.4% increase from the estimated FY 2022-23 year-end actual expenditures.

### **Salaries and Related Benefits:**

The FY 2023-24 General Fund budget recommends funding 16.75 full-time employees. There are no new staff positions proposed in this budget.

Salaries and wages, including a cost-of-living raise (COLA), and benefits for the Village's proposed 16.75 FTE employees account for \$1,459,560 or 55.41% of the proposed General Fund budget. The salary and benefit costs of the Tourism Development Authority (TDA) Coordinator will again this year be funded with a contribution from the TDA as well as the salary and benefit costs of a police officer. This contribution to salary costs and benefits will total \$95,000 or 6.5% of total salaries and benefits costs.

The medical related benefits provided by the Village will continue to be administered by the North Carolina League of Municipalities in FY 2023-24, with a 5% increase in medical premiums and an 8% increase in short-term disability premiums from the FY 2022-23. Medical, dental, vision, life, and short-term disability insurances are provided for all full time Village employees. The NC State Retirement system has approved a .75% increase for all general employees and a 1.0% increase for law enforcement officers, to the employer contribution portion for the administration of the retirement system.

A 5.0% COLA allocation for all employee salaries is proposed in the FY 2023 -24 Budget. The general employee benefit of an employer contribution to the employee's 401(k) fund remains in the FY 2023-24 Budget. The Village offers a matching contribution of up to 5% for full-time general employees who have attained six months of employment with the Village and the employee participates in the 401(k) program. Under North Carolina General Statutes, the Village is required to fund all full-time law enforcement personnel at 5% of the employee's salary; regardless of the employee contributions.

### **Operating Costs:**

Operating costs for FY 2023-24 are projected at \$959,696 or 36.43% of the total General Fund budget. These expenditures include all costs other than salaries, benefits, and capital

costs. Debt service costs on long-term financial obligations are included in operating costs. These operating costs also include improvements for Village streets, of which \$300,000 has been budgeted for significant resurfacing, repairs, and culvert replacement throughout the Village. These operating costs will be funded with a contribution from the TDA of \$155,000 or 16.15% of total operating costs.

### **Capital Expenditures:**

Capital expenditures are the purchase of vehicles, equipment and other items that are considered not expendable at the time of purchase, have a value greater than \$5,000, and have a life expectancy of at least one year. The capital items in this years' budget include funds for extensive maintenance to a garage on our Public Works campus (\$30,000), a Patrol Vehicle with vehicle equipment (\$60,000) and a Ton Truck with Snowplow (\$125,000). Capital expenditures are projected at \$215,000 or 8.16% of the total General Fund budget.

## **ENTERPRISE FUND**

### **Enterprise Fund Revenues**

An Enterprise Fund is used to report activity for which a fee is charged to external users for goods or services. The Enterprise Fund in the Village is used to account for the Village's recreational activities of Golf and Tennis operations.

The Village receives revenues in the Enterprise Fund through the collection of fees charged for season passes, green fees and golf cart fees for the Golf Course, season memberships, and court play fees for use of the Tennis Courts. The FY 2023-24 Budget projects revenues of \$528,634 in golf user fees and \$39,400 in tennis user fees. The Village receives approximately 81.3% of the enterprise fund revenues from golf and tennis user fees.

The Enterprise Fund also receives contributions from the Tourism Development Authority (TDA), Sugar Mountain Resort lease and utility reimbursements, and park revenues, totaling an estimated \$130,649.

The recommended budget appropriates no retained earnings (fund balance) to balance the Enterprise Fund budget. The proposed Enterprise Fund Budget revenues for FY 2023-24 total \$ 698,683; a 29% decrease from projected FY 2022-23 year-end actual revenues.

### **Salaries and Related Benefits:**

The FY 2023-24 Enterprise Fund budget recommends funding 2.25 full-time employees, and 3.75 full-time equivalents (FTE) for golf and tennis operations.

Salaries and wages, including cost of living raises, and benefits for the Village's proposed 6.00 FTE employees account for \$338,445, or 48.4% of the proposed Enterprise Fund budget. The salary and benefit costs of the Tennis Professional will again this year be

funded with a contribution from the TDA of \$18,300 or 5.4% of total salaries and benefits costs.

As in the General Fund, a 5.0% COLA for employees is proposed in the FY 2023-24 Enterprise Fund Budget. In addition, the full-time employees of the Enterprise fund will receive the same medical-related benefits and 401(k) participation as the full-time General Fund employees.

**Operating Costs:**

Operating costs for FY 2023-24 are projected at \$360,213 or 51.6% of the total Enterprise Fund budget. These expenditures include all costs other than salaries, benefits, and capital costs. Debt service costs on long-term financial obligations are included in operating costs. Debt service payments this fiscal year will include lease-purchase payments on golf course equipment of \$28,699, and the lease-purchase payments of golf carts of \$72,628.

In addition, these operating costs include \$50,000 to repair and resurface golf cart paths. They also include funds (\$10,000) for improvements to the Golf Pro Shop. These operating costs will be funded with a contribution from the TDA of \$71,199 or 19.8% of total operating costs.

**Capital Expenditures:**

There are no planned capital expenditures for FY 2023-24 in the Enterprise Fund budget.

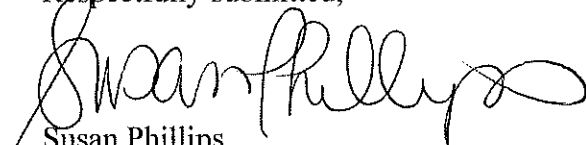
**RECOMMENDED BALANCED BUDGET**

As required by the North Carolina General Statutes the proposed Budget is balanced, with total revenues equal to total expenditures. I have presented a budget that recommends an ad valorem rate of \$0.28 per \$100 valuation for the General Fund.

The North Carolina General Statutes specify that the budget ordinance and tax rate be adopted by July 1, 2023. Also, General Statute 159-12 (b) requires the Village's governing body to hold a public hearing on the budget prior to adoption, which is scheduled for Tuesday, June 27th at 4:00 p.m.

I would like to thank Village Department Heads for their efforts in the development of the 2023-24 budget and look forward to our continued efforts in providing Sugar Mountain residents with a high quality of life.

Respectfully submitted,



Susan Phillips  
Village Manager